

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 INT-05 SP-02 USIA-06

AID-05 NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 L-03 H-01 DODE-00

PA-01 PRS-01 /099 W

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R 270808Z MAY 77

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8150

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L TOKYO 7865

E.O. 11652: GDS

TAGS: ETRD, EIND, JA

SUBJECT: COMMENTS ON CURRENT US-JAPAN STEEL ISSUES

SUMMARY: MITI BASIC INDUSTRIES BUREAU DIRGEN AMAYA HAS RESTATED GOJ RESERVATIONS ON THE OECD AD HOC STEEL GROUP. COMMENTING ON INABILITY OF OECD GROUP TO DEAL WITH SPECIFIC BILATERAL TRADE ISSUES, AMAYA EXPRESSED DESIRE TO ESTABLISH A BILATERAL CONSULTATION ORGAN SIMILAR TO THAT EXISTING BETWEEN JAPAN AND THE ECSC. THIS BILATERAL MECHANISM ON STEEL WOULD OPERATE INFORMALLY TO RESOLVE ISSUES WITHOUT VIOLATING ANTI-TRUST RULES. END SUMMARY.

1. EMIN CALLED ON MITI BAISC INDUSTRIES BUR DIRGEN AMAYA AND IRON AND STEEL ADMIN. DIV. DIR. ISHII ON MAY 26 TO DISCUSS MITI'S OUTLOOK ON CURRENT STEEL ISSUES. AMAYA FIRST RESTATED THE GOJ'S POSITION ON THE OECD AD HOC GROUP: WHILE NOT AGAINST THE GROUP ITSELF, THE JAPANESE OPPOSE BROAD TERMS OF REFERENCE WHICH COULD COVER MARKETING STRATEGIES OR PRICING PRACTICES. DELIBERATIONS SHOULD CONCENTRATE ON "FACTUAL ANALYSIS" SUCH AS ESTIMATION
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OF LONG-RUN SUPPLY AND DEMAND. JUSTIFYING HIS POSITION, AMAYA SAID THAT WHILE THE OECD SUB-GROUP WOULD BE USEFUL FOR TAKING A WIDE VIEW OF THE WORLD STEEL SITUATION, IT WOULD NOT BE THE PROPER FORUM FOR DEALING WITH "COMPLICATED" BILATERAL ISSUES LIKE DUMPING.

2. EMIN TURNED DISCUSSION TO THE PERSISTENT PROBLEM OF GAPS IN COMMUNICATION BETWEEN THE TWO COUNTRIES' GOVERNMENTS AND INDUSTRIES OVER STEEL ISSUES. EMIN EMPHASIZED THAT PRESENT TRADE COMPLAINTS AGAINST JAPANESE STEEL EXPORTS DO NOT REPRESENT A GOVERNMENT-INDUSTRY PROTECTIONIST CONSPIRACY, AS HAS BEEN SUGGESTED BY SOME RECENT PRESS REPORTS. AMAYA REPLIED THAT THIS MISCONCEPTION IS ONE REASON WHY USG-GOJ CONSULTATIONS ARE NECESSARY. NOTING THE GOJ'S DESIRE TO SMOOTH OUT STEEL TRADE FRICTIONS AT THE EARLIEST POSSIBLE STAGE, HE FELT THAT THE RECENT COLOR TV NEGOTIATIONS WERE UNNECESSARILY DIFFICULT AND CAUSED TOO MUCH EMOTIONAL PUBLICITY. TO TRY AND AVOID THIS PROBLEM, AMAYA SAID THAT MITI WANTS A DIRECT CHANNEL OF COMMUNICATION WITH THE USG ALONG THE LINES OF ITS ARRANGEMENT WITH THE ECSC, WHERE TERMS OF REFERENCE WOULD NOT BE LIMITED AS THEY MIGHT BE IN MORE FORMAL NEGOTIATIONS. AMAYA ALSO WONDERED WHETHER DIRECT MITI CONTACT WITH U.S. INDUSTRY REPS WOULD BE POSSIBLE, AND OFFERED MITI'S GOOD OFFICES FOR FACILITATING COMMUNICATION BETWEEN THE USG AND JAPANESE INDUSTRIES.

3. AMAYA ALSO COMMENTED THAT THE US STEEL INDUSTRY, OPERATING AT 83 PERCENT OF CAPACITY, IS TODAY IN THE MOST FAVORABLE POSITION, WHILE EC STEEL INDUSTRY IS THE WEAKEST, AND JAPAN'S STEEL INDUSTRY, RUNNING AT 70 PERCENT OF CAPACITY, IS IN THE MIDDLE. HE NOTED AN IMPRESSION AMONG JAPANESE

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THAT THE US INDUSTRY'S "ASSUALT" ON JAPANESE EXPORTS IS "SADISTIC", AND THE REACTION OF THE JAPANESE PRESS TO IT "MASOCHISTIC".

4. COMMENT: AMAY'S SUGGESTION FOR BILATERAL GOVERNMENT LEVEL TALKS ON STEEL IS NOT ENTIRELY NEW, BUT HE SEEMED TO GIVE IT MORE URGENCY IN THE FACE OF RISING COMPLAINTS. WE URGE WASHINGTON AGENCIES TO CONSIDER HIS PROPOSAL SERIOUSLY AS A MEANS, PERHAPS IN PARALLEL WITH OTHER MEASURES, TO REDUCE INCREASING RISKS OF A US-JAPAN CLASH ON STEEL.

5. EMBASSY HAS EARLIER NOTED DIFFICULTY MITI HAS IN CONTROLLING BOTH LARGE AND SMALL STEEL COMPANIES. GOJ, WE BELIEVE, NEEDS SOME KIND OF A BILATERAL REGIME AS A BASIS FOR BRINGING THE TWENTY ODD SMALL STEEL EXPORTING COMPANIES INTO LINE, ALONG WITH THE BIX SIX WHICH ALREADY HAVE INDICATED A WILLINGNESS TO COOPERATE. END COMMENT.

6. MEETING WITH AMAYA TOOK PLACE BEFORE EC
BRUSSELS 5354 RECEIVED.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Subject: COMMENTS ON CURRENT US-JAPAN STEEL ISSUES SUMMARY: MITI BASIC INDUSTRIES BUREAU DIRGEN AMAYA HAS RESTATED GOJ RESERVATIONS ON THE OECD AD HOC STEEL GROUP. C
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